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# Agricultural Situation

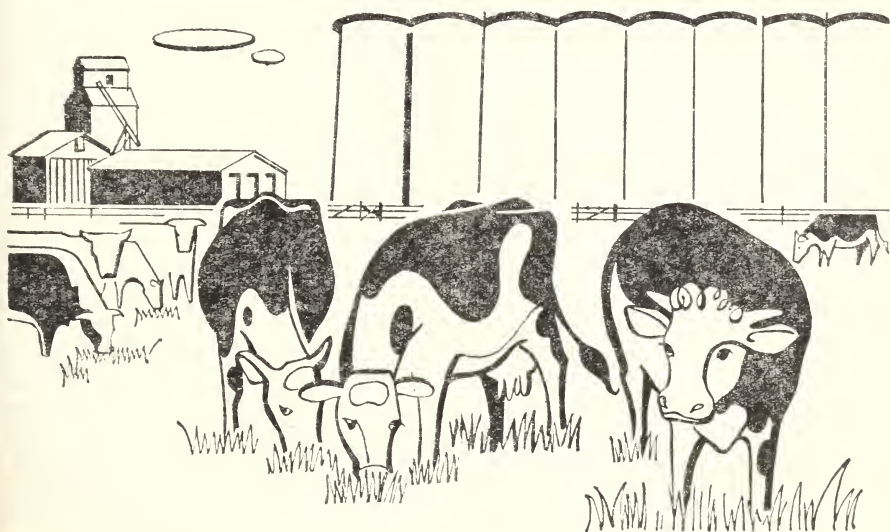
## FEED GRAIN PLANTINGS 2 PERCENT BELOW 1964

If farmers carry out their March 1 planting intentions, their 1965 plantings of feed grains will be down to about 120 million acres, 2 percent below last year and 20 percent below the 1959-60 level.

Smaller acreages are in prospect for corn, down 1 percent; oats, down 6 percent; and barley, down 12 percent.

The prospective sorghum grain acreage is up 4 percent.

The prospective corn acreage for 1965 of 66.9 million acres is slightly below the 67.4 million planted last year. A smaller acreage is in prospect for most of the Western Corn Belt and Southern States. On the other hand, farmers in most of the Eastern Corn



Belt States plan small increases in their acreage this year.

The 17.5 million acres of sorghums in prospect for 1965 is nearly 0.7 million more than in 1964. Larger acreages are in prospect for most of the major producing States.

Farmers indicated their plans to reduce barley acreage by about 12 percent this year, which would drop the 1965 acreage to 33 percent below the 1959-60 base. The reduction in prospect for oat acres is about in line with the downward trend of recent years.

Though too early to accurately forecast the 1965-66 feed grain supply, some indication is given by the Prospective Plantings Report. Assuming an average growing season this year, feed grain production in 1965 could total a little over 150 million tons—about 10 percent more than in 1964, but a little below the record 1963 crop. This, together with an expected carry-over of about 56 million tons, would give a domestic supply not greatly different from a year earlier, but about 10 percent less than the record supply in 1960-61.

The number of grain-consuming animal units on farms in 1965-66 may rise a little from the estimated 168 million being fed in the current October-September feeding year. If these prospects materialize and if the feeding level remains near that of the current feeding year, feed requirements would be a little higher in 1965-66.

Based on March 1 plans, farmers will harvest hay from 68.4 million acres in 1965—1 percent above that harvested in 1964 and 2 percent above average.

Increases in hay acreage are in prospect for most of the Western Corn Belt and Western States and in a number of the Southern States. A drop is indicated in the East North Central region

and many of the Atlantic Coast States. With a normal growing season, a crop of nearly 120 million tons would be produced, 3 percent above last year's crop.

More farmers have signed up for a greater acreage diversion under the Feed Grain Program for 1965 than in any of the past 4 years the program has been in operation. Farmers have signed up to divert 36.7 million acres of feed grains to soil-conserving uses, 2.4 million more than was enrolled in 1964 and 4.3 million more than was actually diverted. The acreage enrolled for diversion included about 25.0 million acres of corn, 2.0 million more than in 1964; 7.3 million acres of sorghums, up nearly 500,000; and 4.4 million acres of barley, 132,000 less than last year.

Feed grain prices averaged 5 percent higher during the October 1964-March 1965 period than in the first half of the 1963-64 feeding year. Prices received by farmers have risen more than seasonally since last fall. In April they were 12 percent higher than last November and 7 percent higher than a year earlier. The index of prices paid by farmers for all feed purchased in the first half of 1964-65 was slightly lower than a year earlier.

Corn prices continued to rise slowly after the sharp November-to-December rise. In April the average price received by farmers reached \$1.21 per bushel, 7 cents above a year earlier and the highest for the month since 1957. Since December, corn prices advanced about in line with the Commodity Credit Corporation sales prices for corn sold against the certificate pool.

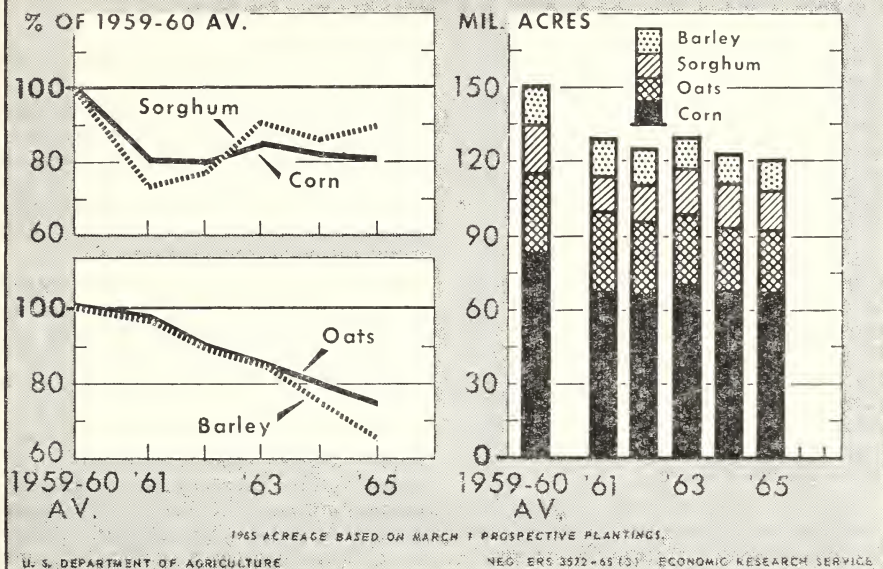
Feed grain exports increased sharply in late February and March, following the end of the dock strike at eastern and gulf ports. Large quantities of feed grains had been moved to gulf and

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## FEED GRAIN PLANTED ACREAGE



eastern ports and, when the strike ended, moved out rapidly. Total feed grain exports during October-March are estimated at 9.8 million tons, only slightly below the large exports in the same period last year. Total export for 1964-65 probably will equal the record high of 18.7 million tons in 1963-64.

Corn exports, including grain equivalent of products, totaled about 270 million bushels during October-March, practically the same as a year earlier. For 1964-65, they are expected to at least equal the 500 million bushels exported in 1963-64. Sorghum grain exports during the first half of 1964-65 totaled about 55 million bushels, a little smaller than in the same period of 1963-64. During July-March, nearly 40 million bushels of barley were exported, about 5 million less than a year earlier. Oat exports have dropped sharply in recent years and in 1964-65 probably will about equal last year's small movement of only 4 million bushels.

Prices of high-protein feeds averaged 7 percent lower in the first half of 1964-65 than in the year-earlier period.

The greatest decline was in oilseed meals, which averaged 9 percent lower. Animal protein feeds were down 8 percent, while grain protein feeds were slightly higher.

High-protein feed prices are expected to average a little higher during April-September than in the same period of 1964.

With some seasonal decline in production of soybean meal in prospect for April-September, prices of soybean meal may strengthen this spring and summer and are expected to average slightly higher than a year earlier.

The quantity of high-protein feeds (soybean meal equivalent) fed to livestock and poultry in the current feeding year is expected to be about 2 percent above a year earlier. Most of the prospective increase is expected to be in soybean meal. With the number of high-protein-consuming animal units expected to drop, the feeding rate per unit probably will be a little above the relatively stable 225-227-pound level of the past 3 years.

Malcolm Clough  
Economic Research Service

# WESTERN EUROPE ECONOMIC GROWTH CONTINUES RAPID

Western Europe's economic growth continued at a rapid pace in 1964, despite a number of serious problems brought about mainly by inflation and balance-of-payments difficulties. The rate of growth of the real gross national product was 5 percent or more in 11 out of 16 countries.

In a majority of countries, growth exceeded the 1963 rate by a substantial amount. The greatest increases in the growth rate over the previous year were in Denmark, Finland, and West Germany. The growth rate of Greece declined slightly, and in Italy it dropped almost 2 percent. The rate of growth in the United Kingdom was about the same as in 1963.

Inflation continued to be a serious problem throughout Western Europe. By the end of September 1964, the cost-of-living index was from 2 to 10 percent higher than a year earlier in nearly all countries.

The greatest increases were in Spain and Finland, where the cost of living was up 10 percent. Ireland, Norway, Italy, and the Netherlands were next with increases of 6 percent or more. France and Switzerland had increases of 3 percent and West Germany increased 2 percent.

Wages also continued to rise in 1964, and for those countries for which data are available, wages went up considerably faster than the cost of living. For example, by the end of the second quarter of 1964, wages were 17 percent higher than a year earlier in the Netherlands, 15 percent higher in Italy and Ireland, and 12 percent higher in Austria. Wages rose less in other countries, but increases of 5 percent or more occurred in all countries for which data are available.

Europe has had a substantial and growing deficit in its merchandise trade balance for more than 2 years. However, overall international payments have been favorable and at the end of the third quarter of 1964, total reserves of West European countries increased 5 percent from a year earlier. Only the

United Kingdom, Italy, and Greece reported lower reserves.

Italy and the United Kingdom had particularly difficult balance-of-payments problems. In March 1964, an emergency credit of \$1.2 billion was provided Italy by the United States, the International Monetary Fund, and some European central banks.

Agricultural production in Western Europe in 1964-65 again increased to a record level, with the index of net agricultural output forecast at 126—1 point above the previous high set a year earlier.

The record output reflects generally good weather and advancing technology. The greatest production increases occurred in Greece, the United Kingdom, and Switzerland. There were sharp decreases in Portugal and Spain, mainly because of very dry weather and off-year production of olives, and a smaller drop in West Germany and the Netherlands.

U.S. agricultural exports to Western Europe increased to a record level of \$2.21 billion in 1963-64—15 percent above a year earlier and 10 percent above 1961-62. There were increased exports of wheat and flour, cotton, tobacco, oilseeds, animal fats, poultry, other meat, hides and skins, and dairy products.

The sharp increase was partly the result of the reduced and poor-quality European wheat crop in 1963, the increasing demand by West Europeans for meat and other products, and the rebuilding of stocks of cotton, and other commodities. U.S. agricultural exports to the EEC advanced to \$1.32 billion, a gain of nearly one-fourth over the preceding year. Exports of commodities both subject and not subject to EEC's variable levies rose.

The EEC is the most important region in Western Europe in terms of value of both total trade and agricultural trade. In 1963, the EEC countries accounted for over 60 percent of the value of total West European exports and over 58 percent of imports.



From 1960 to 1963, these countries increased their total exports 26 percent and total imports 36 percent. In this period intra-EEC trade increased about 50 percent.

In 1963, the EFTA countries accounted for a substantial share of West European trade—35 percent of total exports, and 37 percent of total imports. EFTA trade has been increasing rapidly, but not as fast as EEC trade. Between 1960 and 1963, EFTA exports, including intra-EFTA trade, rose 19 percent, while imports went up 14 percent.

The relative low income of many farmers is a major social and political problem in Western Europe. A primary goal of the economic policy in most countries in the region is to narrow the income gap between the agricultural and nonagricultural sectors. Farm interests have strong political representation in most of the countries; the farmers are usually well organized and politically active.

The desires of farmers for economic and social stability and for participation in the general rise in levels of living have produced strong pressures for agricultural supports. Agricultural policies and programs are widely justified on the basis of their expected help in raising farm income.

Governments in Western Europe have implemented their agricultural policy objectives by supporting the prices of agricultural products, providing credit to farmers on exceptionally liberal terms, limiting imports of competitive products, subsidizing exports, supporting research, and by encouraging rural educational and training programs.

One of the major objectives of the Common Agricultural Policy of the EEC is to provide a fair income to farmers. The EEC's Agricultural Guidance and Guarantee Fund has two main purposes, as indicated by its title. However, total fund expenditures under the guidance section, which is concerned mainly with structural improvement in agriculture, will be only one-third as large as those under the guarantee section, which will be used for price supports and export subsidies.

Low incomes of farmers are associated with a number of factors. Low farm incomes are common to regions where alternative opportunities have not drawn farmers from agriculture. Low-income farmers tend to be older and have less education. Fragmentation aggravates the problems of small farms.

A large proportion of Western Europe's farms are still very small—too small to make effective use of modern machinery and modern techniques—too small to provide adequate incomes for the families dependent on them. On many small farms the labor supply is excessive in relation to the availability of land and other resources.

Although consolidation is taking place and the number of small farms is declining in most West European countries, there is still a heavy concentration of farms in the very small category.

The fragmentation of farms into a number of separated plots is still common in all the countries except the United Kingdom, Ireland, and Scandinavia. For example, West German farmers average more than nine fragments per operator. These conditions waste land and time and make the use of modern equipment difficult or impossible.

Some countries have programs to assist farm workers in moving to non-farm jobs. For example, Sweden, France, and the Netherlands have programs to assist those who wish to leave agriculture in learning a new trade, while providing them with financial assistance in moving to a new location and a new occupation. Also, France, Germany, and the Netherlands have pension programs or special payments to assist elderly farmers in retiring as well as active programs to consolidate small holdings into larger, more viable units.

If Europe's farm community is to secure substantially better levels of living in the near future, governments will have to place greater emphasis on correcting those basic structural defects in their agriculture that prevent its effective adaptation to modern society.

Joseph W. Willett  
*Economic Research Service*

# 1965 OILSEED ACREAGE UP

## SOYBEAN INCREASE OFFSETS OTHER REDUCTIONS

Farmers' planting intentions reported as of March 1 showed a sharp increase in 1965 soybean acreage that more than offset declines in each of the other three oilseed crops. Indicated acreage for the four oilseeds is 52.9 million acres—4 percent greater than in 1964.

Soybean growers intend to plant a record 34.3 million acres, 8 percent above last year's acreage. All sections, except the minor producing North Atlantic States, anticipate an increase over last year. The North Central and South Central States expect acreage increases of 8 percent, and the South Atlantic States, 7 percent, but a decline of 1 percent is expected in the North Atlantic States.

Growers in the North Central region, which accounts for about 72 percent of the Nation's total soybean acreage, expect increases in all States. Illinois, the largest soybean-producing State, indicates a 3-percent acreage expansion.

Increases in other heavy-producing States are: Minnesota, 12 percent; Iowa, 11 percent; Ohio, 10 percent; Missouri, 7 percent; and Indiana, 5 percent.

The prospective increase in the 1965 soybean acreage probably is largely the result of higher prices producers received for 1964 soybeans, and also because of the acreage released from the Conservation Reserve.

If U.S. growers plant their intended acreage of soybeans and the proportion of the total acreage harvested for beans is about the same as last year, about 33.2 million acres would be harvested for beans. Based on an average

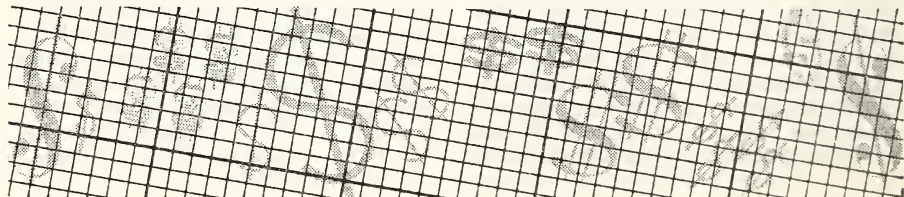
yield per harvested acre with allowance for trend, U.S. soybean production from this intended acreage would be about 829 million bushels, a record high. A 1965 crop of this size would bring an estimated 1965-66 soybean supply of about 839 million bushels, or 107 million more than in 1964-65.

Supplies of cottonseed available for crushing in 1965-66 will probably be near that of last season. The Nation's flaxseed supply is expected to be about 32 million bushels, compared with 37.5 million in 1964-65.

The peanut acreage is expected to be about 1.5 million acres, about the same as last year. Assuming an average ratio of acres harvested for nuts to acres planted alone and an average yield per acre with an allowance for trend, the 1965 peanut production would be 2,229 million pounds, compared with 2,205 million pounds in 1964.

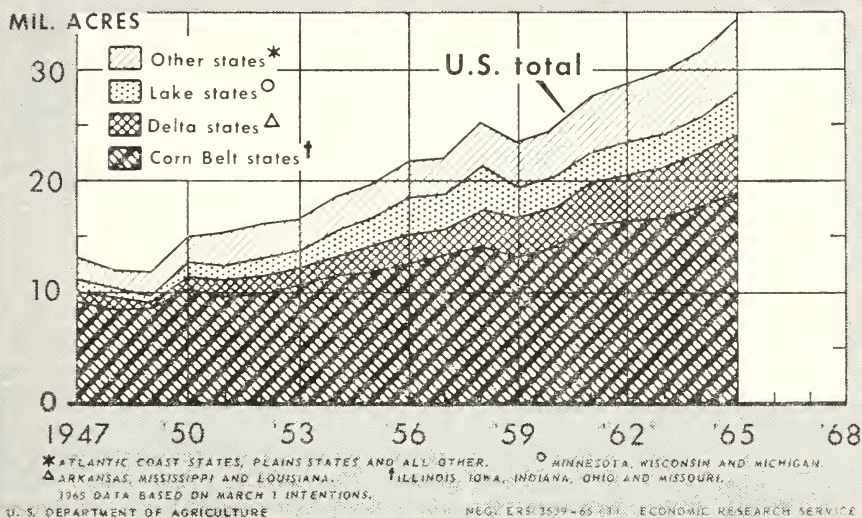
Supplies of soybeans available during April-September will be somewhat smaller than in the second half of the 1963-64 marketing year. Requirements this year will be greater. This means the supply situation will tighten before new-crop soybeans are available, usually around mid-September. Therefore, prices to farmers likely will continue strong as crushers and exporters compete for the dwindling supply of beans this year.

Soybean crushings during April-September will decline seasonally and probably will hold close to last year's level because of the limited supply of beans. Crushings for all of 1964-65 are expected to total 470 million bushels, compared with 441 million a year earlier and the 1962-63 record of 475 million bushels.





# SOYBEAN ACREAGE PLANTED FOR ALL PURPOSES



The 1964-65 supply of soybean oil is estimated at 5.7 billion pounds, about the same as a year earlier, as increased production this year is tending to offset smaller starting stocks on October 1, 1964. Domestic use is expected to total 4.0 billion pounds and exports about 1.3 billion, resulting in expected carryover stocks on September 30, 1965, of about 0.4 billion pounds (crude and refined) — the smallest since 1960.

Prices for soybean oil probably will remain high, and for all of 1964-65 may average 3 cents or more above the 1963-64 level of 8.5 cents (crude, Decatur).

The supply of soybean meal for 1964-65 is estimated at 11.3 million tons, compared with 10.8 million last season. Domestic use is expected to total about 9.5 million tons and exports may reach a record 1.7 million. High soybean prices, seasonal declines in output, and strong export demand are factors that will tend to hold soybean meal prices above the year-earlier level this spring and most of the summer.

Based on estimates for domestic use and exports, carryover stocks of cottonseed oil (crude and refined) on August 1, 1965, will be about 400 million pounds, a third less than a year earlier

and the lowest since August 1, 1962. Prices of cottonseed oil during April-July 1965 probably will average about a third above the 10.3-cents-per-pound level last year.

Lard production (including farm) for the entire 1964-65 marketing year is estimated at 2,375 million pounds, compared with 2,842 million in 1963-64. Domestic disappearance of lard (including farm) for the 1964-65 marketing year is estimated at 1,675 million pounds, a drop of 7 percent from a year earlier. Most of this drop will be in the direct use of lard. Exports are expected to be about the same as last year. Lard prices are expected to remain strong through the rest of the 1964-65 marketing year, averaging near 12 cents per pound (loose, Chicago).

Prices of inedible tallow (prime, Chicago) were 8.4 cents during March of this year, the highest monthly average since October 1951 when they were at the 9-cent level. During April-September 1965, inedible tallow prices are expected to average about a third above the 6-cent level for these months last season.

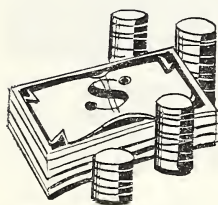
George W. Kromer  
Economic Research Service

# outlook



Based on Information Available on May 3, 1965

## FINANCE



Realized net farm income for the United States is expected to hold near the 1964 level of \$12.6 billion. Gross income may go above last year's record high of \$42 billion, but production expenses are also likely to go up. Cash receipts from farm marketings may total near the \$36.7 billion of last year, with larger marketings and Government payments offsetting slightly lower farm prices.

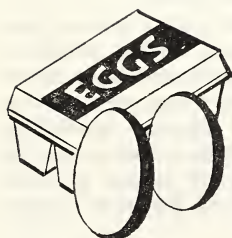
## CITRUS

Production of 1964-65 crop oranges is exceeding the expectations of a few months ago. The Florida crop is much larger than a year ago and the output of canned and frozen orange juice is up sharply. Prices for fresh and processed oranges and grapefruit continue generally below year-earlier levels.

## BROILERS

Farm broiler prices in the first quarter were 15.0 cents per pound, up from 14.2 cents a year earlier. Continued relative strength is foreseen in April-June. But the current buildup in hatchery supply flocks portends price trouble after midyear.

## EGGS



Because of fewer layers, egg production during the fourth quarter of this year is likely to drop significantly below the same period of 1964. Reduced hatchings mean fewer layers will be added to the Nation's laying flocks than last year. Egg prices in the second half of the year are likely to rise more than in the same period of 1964.

# SOVIET AGRICULTURAL TRADE DECLINES

Soviet agricultural trade in 1962 and 1963 was marked by declining imports of sugar from Cuba and a sharp cut-back in grain exports, according to a new USDA report.

The report says the Soviet Union imported 2 million metric tons (refined value) of Cuban sugar in 1962, a third less than in 1961. Imports dropped to 940,000 metric tons in 1963 because of lower Cuban sugar production. In contrast, Soviet farm exports to Cuba rose substantially.

The Soviet's disastrous wheat crop of 1963 had great impact on the grain trade. Wheat, the largest Soviet agricultural export, virtually disappeared from world markets in the fall when authorities found the crop would be very small. Exports of rye, barley, oats, and corn were curtailed at the

same time. Even so, Soviet feed supplies became tight. Farmers had to slaughter large numbers of livestock and fresh meat exports rose sharply.

Agricultural trade with Communist China, which had plummeted in 1960 and 1961, came to a virtual standstill in 1962 and 1963, the report says.

Farm exports equal about one-fifth of all Soviet exports. Farm imports are almost a quarter of total imports.

The report also examines Soviet trade in tractors, agricultural machinery, pesticides, and fertilizers.

Single copies of *Soviet Agricultural Trade, 1962-63*, ERS-Foreign 120, are available from the Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C., 20250.

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## Herbicide Use Increases Rapidly in Illinois

A rapid increase in the use of herbicides to control weeds in row crops, especially corn, is indicated by limited available data. This increase has permitted an appreciable reduction in the number of times farmers cultivate their acreage, but clear-cut measures of this saving are lacking.

In 1952 the United States had 82.2 million acres planted to corn, of which 11 percent, or 9.1 million acres, was treated with weed controlling chemicals. By 1958 the acreage planted to corn had decreased about 9 million acres, but the acreage treated with herbicides increased by 10 million. About 3 percent of the Nation's corn acreage was treated with a preemergence chemical and 25 percent was given a postemergence treatment.

In these 2 years, 1952 and 1958, the Corn Belt planted about 40 percent of the Nation's corn, but accounted for more than 50 percent of the corn acreage treated with herbicides in the United States.

In 1952, farmers in the Corn Belt treated 15.5 percent of their acreage with herbicides. By 1958 this had in-

creased to 42 percent—4 percent with preemergence chemicals and 38 percent with postemergence treatments.

Because current data are not available for either the United States or the Corn Belt, let's take a look at Illinois, the second-ranking State for corn.

In 1952, about 12 percent of the State's corn acreage was treated with herbicides. By 1958 this had increased to 44 percent—4 percent preemergence and 40 percent postemergence.

In the spring of 1964, farmers in Illinois planted 9.5 million acres of corn. Crop reporters indicated that 60 percent of this acreage received some form of chemical weed control treatment. Included in this total was 26.5 percent of the planted acreage given preemergence treatment and 40 percent with postemergence treatment. About 6.5 percent of the planted acreage was treated more than once. Of the acreage treated, most of the gain between 1958 and 1964 in Illinois was in the use of preemergence chemicals.

Hosea S. Harkness  
Statistical Reporting Service



# 1965 TOBACCO ACREAGE SMALLEST IN MANY YEARS

Growers' intentions as of March 1 indicated this year's tobacco acreage would be about 15 percent below 1964 and the smallest since 1890. The 1965 acreage allotments of flue-cured and burley—the two big-volume cigarette tobaccos—were cut 19.5 and 10 percent, respectively, below 1964, because of record supplies.

However, growers of flue-cured tobacco will be offered, in a special referendum in May, an acreage-poundage program as an alternative to the present acreage allotment program. If the new program is favored by more than two-thirds of the growers voting, the 1965 flue-cured tobacco acreage will be larger than indicated in March, but the number of pounds that can be marketed by each grower will be limited. Under the acreage allotment program, continuously in effect for the past 25 years, growers could market without penalty all they produced as long as they complied with their acreage allotment.

In 1964, average per-acre yields of flue-cured tobacco were the highest in history. Yields of burley were the second highest of record even though drought conditions affected a substantial producing area. Acreage allotments of Maryland and Kentucky-Tennessee fire-cured and dark air-cured were also reduced because of large supplies.

In 1964, U.S. smokers consumed 511 billion cigarettes—2.5 percent fewer than the record in 1963. Cigarette consumption per capita (18 years old and over) declined 3.5 percent from the 1963 peak and was the lowest since 1960. Tax data indicate cigarette consumption by late 1964 and early 1965 had regained and probably topped the late-1963 level. Congressional committees are considering legislation concerned with labeling and advertising of cigarettes.

The 1964 output of cigarettes, nearly 541 billion cigarettes, was about 10 billion less than the record 1963 level. U.S. smokers consumed about 95 percent of the total, and near-record exports took most of the rest. Of the

total 1964 output, filter-tip cigarettes comprised nearly 61 percent and non-filter tips about 39 percent. The 1963 figures were about 58 percent for filter tips and 42 percent for nonfilter tips.

Consumption of cigars and cigarillos by U.S. smokers in 1964 totaled a record 9.1 billion—25 percent more than in the previous year and 7 percent above the previous record set in 1920.

Cigarillos accounted for a significant proportion of the 1964 total, whereas full-size cigars were dominant in 1920. According to an annual survey sponsored by the Cigar Manufacturers Association, cigarillos accounted for slightly more than one-fourth of total domestic sales in 1964. The year before, cigarillos accounted for about a sixth of the total. Consumption of cigarette-size cigars (not included in the cigar and cigarillo total), though still only a small part of total tobacco consumption, rose sharply in 1964.

Consumption of smoking tobacco in pipes and "roll-your-own" cigarettes in 1964 totaled about 84 million pounds—18 percent above the previous year and the highest since 1953. Nearly all the increase was in consumption of pipe tobacco.

Output of chewing tobacco last year was about 66 million pounds—1 percent above 1963 and the highest in 5 years. Though output of scrap chewing, the largest category, was slightly under 1963, this decrease was more than offset by the gain in output of plug chewing, the second largest category. Last year's output of snuff, at 31.4 million pounds, was down 1 percent from 1963 and a long-time low.

Exports of unmanufactured tobacco in 1964 totaled about 584 million pounds (farm-sales weight)—a little above the previous year. Exports during December 1964 were unusually large, probably because of anticipation of the dock strike. The strike sharply reduced exports during January and February.

Exporters placed a value of \$413 million on 1964 exports of unmanufactured tobacco—a record high and 2

percent above the declared value in 1963. For the year ending June 30, 1965, exports of tobacco are likely to be down about 8 percent below the 8-year high of 1963-64, largely because exports of flue-cured tobacco, which make up over three-fourths of total exports, will likely be down.

Government price-support levels for 1965 tobaccos eligible for price support are about 1 percent higher than for 1964. The increase results from the rise in the parity index—based on the comparison of its 1962-64 average with 1959. The parity index measures the average change over time in the prices of commodities and services commonly bought by farm families.

Assuming an allowance for trend in average yield per acre, the intended acreage of burley would provide a 1965 production that would be about 3 percent above past season marketings when dry weather in some areas reduced the crop. The burley carryover into 1965-66 is likely to be at a new high which, together with this year's production, may raise the 1965-66 supply to a record high.

The 1964-65 supply of Maryland tobacco is above any previous year. The 1965 allotments for most farms were reduced 15 percent and intended acreage is down about 13 percent. Auctions for the 1964 crop have been in progress since April 21, and prices are higher than last season when the 1963 crop was marketed; the quality of the 1963 crop was adversely affected by dry weather.

Based on the 1965 prospective acreage and average yield with an allowance for trend, the 1965 production of fire-cured tobacco would be about 7 percent smaller than 1964 crop marketings. Production of the dark air-cured and sun-cured tobaccos would be 6 percent below 1964 crop marketings.

The 1965 acreage allotments for farms growing Kentucky-Tennessee fire-cured and dark air-cured types were cut 10 percent. Farm allotments for Virginia fire-cured and sun-cured tobaccos were unchanged; supplies of these types are significantly lower in relation to requirements than those of the Kentucky-Tennessee types.

The 1964-65 supply of the Pennsylvania cigar filler type is the largest in many years, but the supply of Ohio filler is a tenth lower than in each of the previous 2 years. The 1965 intended acreage of Pennsylvania filler is the same as last year's harvested acreage and intended acreage of Ohio filler is up 5 percent from a year earlier. Manufacturers' and dealers' stocks of Puerto Rican filler (including those in Puerto Rico) on January 1, 1965, were 3 percent above a year earlier.

Arrivals of foreign cigar tobaccos climbed sharply in 1964. Stocks held by U.S. manufacturers and dealers on the first of this year were 53 percent above those held on January 1, 1964. Stocks of Dominican and Brazilian tobaccos more than doubled, and stocks of Philippine and Colombian tobaccos were up about 70 percent from a year earlier. On the other hand, since imports of Cuban tobacco are embargoed, U.S. stocks of Cuban tobacco continue to diminish and are far below the normal preembargo level.

The 1964-65 supply of the Connecticut Valley binder types is at a new low. Based on March 1 intentions, the 1965 acreage of Broadleaf is indicated 6 percent below that harvested last year, and intended acreage of Havana Seed is one-fifth below that harvested in 1964.

The 1964-65 supply of Southern Wisconsin tobacco is below each of the previous 3 years and total supply of Northern Wisconsin tobacco is the smallest in many years. The 1964 crop of both Wisconsin types brought the highest prices paid for these types over the past several years. Prospective 1965 acreages of Southern Wisconsin and Northern Wisconsin tobaccos are the same as last year's harvested acreage.

The 1964-65 supply of Connecticut Valley shade-grown cigar wrapper tobacco is the smallest in 5 years. The supply of Georgia-Florida cigar wrapper tobacco is about the same as in 1963-64. According to March 1 intentions, the acreage in the Connecticut Valley will be up 10 percent this year over the 1964 level, and up 9 percent in the Georgia-Florida area.

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# THE COTTON SITUATION ... CARRYOVER TO INCREASE

Carryover of upland cotton in the United States on August 1, 1965, is expected to total about 13.4 million bales. This would be an increase of almost 1.3 million from the past August and would mark the fourth consecutive year in which the carryover had increased. The record-high upland cotton carryover was 14.4 million bales in 1956.

The carryover this crop year (1964-65) is expected to be up because disappearance is well below 1964's large crop. Preliminary ginnings indicate a 1964 upland crop of 15 million running bales. Record-high yields caused the large crop; harvested acreage was the smallest since 1958. Disappearance this year is expected to total about 13.9 million bales, down slightly from disappearance during the 1963-64 crop year. Exports are declining sharply this year, more than offsetting a rise in mill consumption.

As of March 1, prospective plantings of 14.2 million acres have been indicated for the 1965 crop of upland cotton. This is a half million below the 1964 planted acreage. However, the 1964 planted acreage was reduced about 0.5 million acres, largely to comply with the domestic allotment program that was made available after plantings were underway.

For the 1965 crop, under the domestic allotment program, producers have signed up to take around 1.0 million acres out of production, and the prospective plantings of 14.2 million acres reflect intended participation in the program.

Mill consumption of upland cotton during the current crop year (August 1964-July 1965) is estimated at 9.4 million bales, up 0.9 million from 1963-64 and the highest level of mill use since 1950-51.

Large use of raw cotton this year is resulting from increased demand by both users of cotton fabric and final consumers of textile products. Consumption of raw cotton is also being stimulated by lower net cost to domes-

tic users. This has improved the competitive price position of cotton relative to manmade fibers, particularly rayon and acetate fibers, in the domestic market.

For the first 7 months of the current crop year, upland cotton consumption was up 7 percent from the same months a year earlier. The seasonally adjusted daily rate of mill consumption in February was down nearly 2 percent from January, but was up almost 9 percent from February 1964.

The seasonally adjusted daily rate of use of rayon and acetate staple fibers, on cotton-system spinning spindles, was down about 5 percent in February from a month earlier and 2 percent below a year earlier. Consumption of noncellulosic fibers continued to trend upward in February—reaching a new high. The upward trend in the use of these fibers reflects, among other factors, new and improved technology and large-scale promotion and advertising.

U.S. cotton exports during the 1964-65 crop year may total near 4.5 million bales, down from 5.7 million in 1963-64. The decline in exports is attributed to factors such as—

- Record production of cotton in foreign free-world countries.

- Reduced free-world trade with Communist countries because of near-record production in those countries (Russia and mainland China).

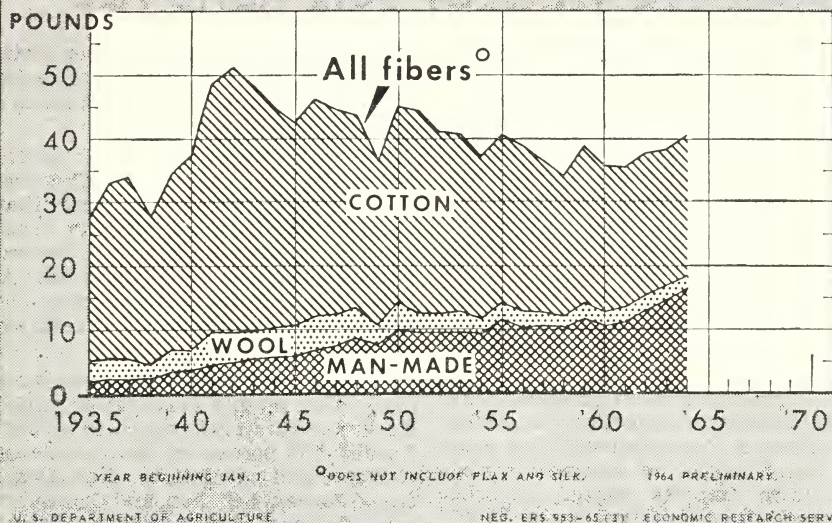
- A working down of stocks in importing countries.

A sharp reduction of stocks in importing countries and a slowdown in mill activity could result in U.S. cotton exports of less than 4.5 million bales.

USDA has announced that the initial rate for payment-in-kind for the 1965-66 crop year in the Cotton Equalization Program will be approximately 5.75 cents per pound. The actual rate will be determined and announced later. The rate of these payments will be such as is determined to be sufficient to make U.S. cotton available for export



# MILL CONSUMPTION OF FIBERS, PER CAPITA



at competitive world prices, as required by section 203 of the Agricultural Act of 1956.

For calendar 1964, mill consumption of cotton in the United States increased 5 percent from a year earlier and was the largest since 1959. Manmade fiber consumption in 1964 was up 14 percent from the previous year—reaching a new high. The increase in manmade fiber use resulted from a 5-percent increase in rayon and acetate fiber and a 24-percent rise in the use of noncellulosic fiber.

During the early part of calendar 1964, cotton consumption was at a low level because of uncertainty pending outcome of legislation. At the same time, manmade fiber consumption increased rapidly. After passage of legislation, cotton consumption trended upward. The rate of increase in use of rayon and acetate staple fibers slowed, but use of noncellulosic fibers continued a sharp upward trend.

Although cotton consumption increased in 1964, cotton's share of total fiber consumption declined from 55.7 percent in 1963 to a record low of 54.5

percent last year. Manmade fibers' share of the total rose from 38 percent in 1963 to about 41 percent in 1964. Rayon and acetate's share declined slightly in 1964, while noncellulosic fiber's share jumped to 20 percent from 17 percent in 1963.

U.S. imports of cotton textiles, on a raw-cotton-equivalent basis, totaled 625,600 bales in calendar 1964. This was down only 1 percent from 1963 and 3 percent below the record high reached in 1962. Increased demand for cotton goods in the domestic market contributed to large U.S. imports in 1964.

U.S. exports of cotton textiles were equivalent to 443,700 bales during calendar 1964—2 percent above 1963 when exports were the smallest since 1940. The resulting import trade balance for 1964, the third consecutive year for such a balance, was 181,900 bales, slightly below the 201,000 bales of the previous year. U.S. imports of cotton textiles exceeded exports for the first time in 1960.

James R. Donald  
Economic Research Service

# U.S. AGRICULTURAL TRADE

## EXPORTS TO NORTH AFRICA INCREASE

## SHIPMENTS TO WEST ASIA DROP OFF

In 1963, agricultural trade with the United States fell off in both North Africa and West Asia, although North Africa imported nearly 5 percent of total U.S. farm exports in the previous year—well above the average for the last 5 years. Decreased imports of wheat and wheat flour accounted heavily for the nearly 8 percent drop in West Asia's imports of U.S. farm products. These commodities, however, made up more than two-fifths of the total value of U.S. farm exports to the region.

Although there is an extremely favorable balance of agricultural trade for the United States with both West Asia and North Africa, in southern Africa U.S. farm imports exceed exports. However, there are now more rapid gains in the value of U.S. exports to southern Africa than in imports.

In 1964 the value of U.S. farm exports to countries south of the Sahara was expected to exceed the previous year's record-high level of \$105.6 million. In 1963 U.S. farm exports to the region climbed 19 percent over the previous year, compared with a gain of only 2 percent in imports that totaled \$349.7 million.

Nigeria and the Republic of South Africa—leading agricultural producers in southern Africa—are expected to show great gains in production in this crop year.

In North Africa, agricultural production increased 1 percent less than population in spite of a 9-percent increase in output in the Sudan and large production gains in the United Arab Republic and Libya. Compared with 1963, output of corn increased 10 percent, rice increased 40 percent, and cotton production increased 9 percent. Wheat production was off 10 percent and barley output dropped even more. Increased production of cotton and rice promises expanded export sales.

South of the Sahara there was a total increase in agricultural production of 4 percent last year. This gain brought

about a 2-percent increase in per capita production. All countries in the region showed gains but the Ivory Coast and the strife-torn Congo.

Although several countries in southern Africa made gains in coffee production, these increases were more than offset by the sharp drop in Ivory Coast. However, production of some other export crops is expected to increase in 1964-65, about 23 percent cocoa and somewhat less for peanuts. Nigeria expects a record peanut harvest.

West Asia depends for agricultural production mainly on eight countries. Turkey and Iran between them account for about 70 percent of the region's agriculture and population. Iraq, Israel, Syria, Jordan, Lebanon, and Cyprus account for most of the rest of the region's production.

West Asian agriculture dropped a total of 1½ percent from the high level of 1963 production, mostly because of losses in Turkish, Iranian, and Cypriot agricultural production.

However, output of all principal crops and most livestock products of West Asia stayed consistently above the drought-depressed production rates of the 1959-61 period.

The greatest regional loss in 1964 for the year was in grain: Wheat and rice slumped 3 percent, corn 1 percent, and barley a sharp 20 percent. West Asian agriculture also suffered a lowered pulse rate: beans and peas were down slightly.

Meat production (as distinctive from other livestock products) declined 10 percent, mostly resulting from severe weather in Iran.

On the brighter side was tobacco, nearly 25 percent above 1963 tobacco production. Fruits also showed gains. Dates and grapes were in abundance—both 7 percent above a year earlier—citrus fruits increased 6 percent; and cotton and cottonseed, 4 percent.

Foreign Regional Analysis Division  
*Economic Research Service*

1965 VEGETABLE SEED  
PRODUCTION TO BE  
UP 21 PERCENT

May 1965

Commercial growers of vegetable seeds plan to increase production 21 percent over last year and 5 percent above the average output in the 1959-63 period. By groups, prospective production of seed beans is up 45 percent, seed peas up 19 percent, all sweet and nonsweet seed corn down 5 percent, and all other vegetable seeds down 11 percent.

Growers plan to harvest 143,592 acres this year—66,386 acres of smooth and wrinkled peas, 44,425 acres of beans, 7,829 acres of corn, and 24,952 acres of other vegetable seeds.

Last year's total was 126,874 acres, of which 55,315 acres were smooth and wrinkled peas, 34,696 acres were beans, 7,073 acres were corn, and 29,790 acres were harvested for all other vegetable seeds.

Increases in production of 50 percent or more from last year are indicated for dwarf green beans, dwarf wax beans, garden beets, Chinese cabbage, cauliflower, and kohlrabi. Seeds with indicated increases of 10 to 49 percent are dwarf and pole lima beans, nonsweet corn, eggplant, leek, onion seed, parsley, and wrinkled peas.

Decreases in production of 30 percent or more from last year are in prospect for broccoli, cabbage, Swiss chard, chicory, cucumber, dill, endive, kale, Romaine lettuce, mustard, salsify, summer squash, turnip, and rutabaga seed. Decreases of 10 to 29 percent are indicated for carrot, loose leaf lettuce, muskmelon, watermelon, parsnip, pepper, pumpkin, radish, and tomato seeds.

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Statistical Reporting Service

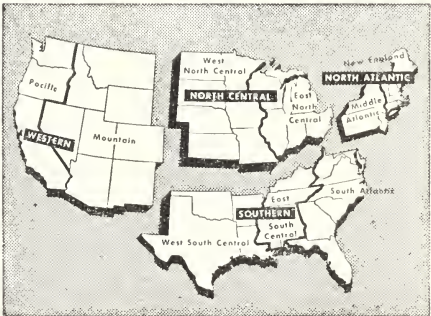
CAUTION

Herbicides are poisonous. They can be harmful to man and animals and can pollute streams and water supplies. Handle herbicides with care. Follow the directions and heed all precautions on the container label.

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